

## Message Text

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ORIGIN EB-06

INFO OCT-01 EUR-12 IO-10 ISO-00 COME-00 FMC-02 ARA-10

AID-05 CEA-01 CIAE-00 EA-10 FRB-01 INR-07 NEA-10

NSAE-00 RSC-01 OPIC-06 SP-02 TRSE-00 CIEP-02 LAB-03

SIL-01 SWF-01 OMB-01 L-02 H-02 /096 R

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R 211650Z OCT 74

FM SECSTATE WASHDC

TO USMISSION OECD PARIS

INFO USMISSION GENEVA

UNCLAS STATE 231037

E.O. 11652:N/A

TAGS: EWWT, OECD

SUBJECT: OECD MARITIME TRANSPORT COMMITTEE MEETING,  
OCTOBER 23-24, 1974

REF: MT/A(74)2

1. DEPARTMENT EXPECTS MOST OF THE DISCUSSION TIME AT THE MEETING WILL BE DEVOTED TO EXCHANGES ON ISSUES CONCERNING THE UN CODE OF CONDUCT AND PROGRESS OF IC ON COMPATIBILITY STUDY OF THE UN CODE CONVENTION AND THE OECD CODE OF LIBERALIZATION. DISCUSSION ON THE LATTER SHOULD PROVE LIVELY IN LIGHT OF SEPTEMBER IC MAJORITY VOTE SUPPORTING FIRST DRAFT CONCLUSIONS IN DAF/INV/74.46. THE FOLLOWING GUIDANCE FOR THE U.S. DEL TO SUBJECT MEETING IS KEYED TO UNCLASSIFIED

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AGENDA (MT/A(74)2) WHICH IS ACCEPTABLE.

2. SUMMARY RECORD (MT/M(74)2) AND CONFIDENTIAL ANNEX) ARE SATISFACTORY FROM U.S. STANDPOINT.

3. REVIEW OF COMMERCIAL SHIPPING MATTERS (MT(74)7) MAY BE NOTED.

4. U.S. DEL MAY JOIN IN NOTING REPORT ON GENERAL DEVELOPMENTS (MT(74)8).

5. SHIPPING POLICY MATTERS (DAF/MTC/74.23 & ADDENDA). U.S. DEL MAY REPORT ON FOLLOWING DEVELOPMENTS OF INTEREST SINCE THE LAST MTC MEETING:

A) BRAZIL-MEXICAN SHIPPING AGREEMENT CONCLUDED (COPY UNAVAILABLE) WHICH CALLS FOR DIVISION OF CARGO ON 50/50 BASIS, BUT ALLOWS EACH TO CEDE 10 PER CENT TO THIRD FLAGS. ONE MEXICAN SHIPPING LINE HAS APPLIED FOR CONFERENCE MEMBERSHIP AND ANOTHER, WITH CONSIDERABLE PARTICIPATION OF A EUROPEAN SHIPPING NATION (NORWAY), IS EXPECTED TO DO LIKEWISE.

B) USSR-ARGENTINE SHIPPING AGREEMENT RESERVES TRADE FOR VESSELS OF THE TWO COUNTRIES WITH CARGO TO BE DIVIDED EQUALLY. ALSO INCLUDES, INTER ALIA, PROVISION FOR CHARTERING THIRD FLAGS WHEN NEITHER HAVE SPACE FOR CARGO, PROVIDES FOR NATIONAL FLAG TREATMENT AND DETAILS TREATMENT VESSELS WILL RECEIVE IN EACH OTHER'S PORTS AND COORDINATION FOR IMPLEMENTING THE AGREEMENT. COPY OF AGREEMENT WILL BE MADE AVAILABLE TO SECRETARIAT WHEN RECEIVED.

C) UNITED STATES.

I) US-USSR MARITIME AGREEMENT. FOURTH SESSION ON THE IMPLEMENTATION OF THE AGREEMENT WILL TAKE PLACE IN WASHINGTON NOVEMBER/DECEMBER OF THIS YEAR. AGENDA WILL INCLUDE QUESTION OF RENEGOTIATION OF THE AGREEMENT (EXPIRES NEXT YEAR). DATA ON SHARES CARRIED UNDER AGREEMENT, IF AVAILABLE BY COB OCT. 22, WILL BE CABLED.  
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II) ENERGY TRANSPORTATION SECURITY ACT, 1974 (HR 8193) - CONFERENCE VERSION, WITH, INTER ALIA, MORE RESTRICTIVE WAIVER PROVISION THAN HOUSE BILL AND DOUBLE BOTTOMS PWC-ALASKA, PASSED HOUSE OCTOBER 10 BY VOTE 219-140. SENATE ACTION ON THE BILL IS NOT EXPECTED UNTIL AFTER NOVEMBER 18, WHEN THE CONGRESS RECONVENES.

III) DEEPWATER PORTS BILL (S.4079) PASSED BY THE SENATE ON OCTOBER 9. CALLS FOR CONSTRUCTION AND REGULATION THEREOF THROUGH LICENSING AUTHORITY IN DOT. SENATE VERSION DIFFERS FROM HOUSE-PASSED VERSION WITH DOI AS AUTHORITY. ADMINISTRATION, REPORTEDLY, FAVORS HOUSE BILL. HOUSE/SENATE CONFERENCE EXPECTED AFTER NOVEMBER 18.

IV) INTERMODAL BILLS (HR 12428/9) - MM & F COMMITTEE HELD THREE DAYS OF HEARINGS IN AUGUST ON TWO PROPOSALS FOR EXTENDING FMC AUTHORITY OVER INTERMODAL TRANSPORTATION IN THE FILING OF POINT-TO-POINT CONFERENCE RATES AS WELL AS PORT-TO-PORT RATES. NOT KNOWN WHETHER FURTHER ACTION WILL BE TAKEN THIS SESSION.

V) INOUEY BILL (S.2576) - TO REGULATE RATE MAKING ACTIVITY OF THIRD FLAG NON-CONFERENCE VESSELS. NOT REPORTED OUT OF SENATE COMMITTEE NOR CONSIDERED IN THE HOUSE.

VI) SECTION 15 ACTIVITIES OF FMC - PRUDENTIAL-ELMA EQUAL ACCESS CARGO AGREEMENT (DOCKET 73-72) AND PRUDENTIAL-GRANCOLOMBIANA COOPERATIVE WORKING AGREEMENT PROTESTED BY WESTFAL-LARSEN. HEARING PROCEDURES ARE CURRENTLY UNDERWAY.

VII) SECTION 19, MERCHANT MARINE ACT OF 1920 - GENERAL ORDER NO. 33 (DOCKET NO. 72-62) WAS APPROVED BY THE FMC OCTOBER 15. ORDER EFFECTIVE 30 DAYS FOLLOWING PUBLICATION FEDERAL REGISTER O/A OCTOBER 23. ORDER SETS FORTH PROCEDURES TO BE FOLLOWED TO MEET CONDITIONS UNFAVORABLE TO SHIPPING IN THE FOREIGN TRADE UNDER THE PROVISIONS OF SECTION 19 OF THE MERCHANT MARINE ACT, 1920. COTTON CLUB MEMBERS INFORMED OCTOBER 21 AND GIVEN COPIES OF UNCLASSIFIED

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ORDER.

6. DEVELOPMENT COOPERATION. SECRETARIAT WILL MAKE ORAL REPORT ON DISPOSITION OF DRAFT SUBMISSION (DAF/MTC/74.19) TO DAC ON ACTIVITIES OF THE MTC IN RELATION TO UNCTAD AND OTHER UN BODIES. AT THE LAST MTC MEETING, IT WAS AGREED TO SUBMIT NOTE (MT(74)6) TO DAC AFTER MAKING SEVERAL AMENDMENTS THERETO.

7. UNCTAD

A) UN CONVENTION ON CODE OF CONDUCT FOR LINER CONFERENCES

I) ISSUES OF CONCERN TO OECD MEMBER COUNTRIES. MTC WILL CONSIDER DAF/MTC/74.38, 39 (ADDENDA) AND 41 AS PART OF

ONGOING REVIEW OF CODE OF CONDUCT. U.S. DEL SHOULD BE FAMILIAR WITH STATE 216356 (USG RESPONSE TO DAF/MTC/74.31) AND USE OWN EXPERTISE DURING DISCUSSION OF THESE MATTERS.

II) IC COMPATIBILITY STUDY ON OECD CODE OF LIBERALIZATION AND CODE OF CONDUCT (DAF/MTC/74.36 (ADDENDA) AND 42). SUPPLEMENTARY QUESTIONS (DAF/MTC/74.46) WERE ANSWERED BY USG IN STATE 227525. SECRETARIAT WILL MAKE ORAL

PROGRESS REPORT ON WORK BY IC, PARTICULARLY DEVELOPMENTS AT SEPTEMBER 24-25 MEETING WHERE MAJORITY (US, UK, SWEDEN, FINLAND, ITALY, AUSTRIA, SWITZERLAND AND FRG RPT FRG) SUPPORTED IC CONCLUSIONS IN DAF/INV/74.46. FRANCE, SPAIN, BELGIUM AND JAPAN VOTED AGAINST. SIGNIFICANCE OF FRG VOTE UNCLEAR IN LIGHT OF CONFLICTING REPORTS. SECRETARIAT WAS REQUESTED TO REVISE DOCUMENT USING PRESENT FORMAT. CHAPTER V ON REMEDIES TO BE EXPANDED AND CHAPTER IV WILL INCORPORATE ALTERNATE VIEWS. SCHEDULED IC MEETING NOVEMBER 6-8 WILL BE DEVOTED ENTIRELY TO DISCUSSION OF CODE OF CONDUCT. MTC DISCUSSION EXPECTED TO FOCUS ON WHAT LEGISLATIVE OBLIGATIONS CODE OF CONDUCT PLACES UPON CONTRACTING GOVERNMENTS IN IMPLEMENTING THE CONVENTION, IN PARTICULAR PROVISIONS CONCERNING ADMISSION TO CONFERENCES AND PARTICIPATION IN THE TRADE, TO WHAT EXTENT SUCH PROVISIONS MANDATORY AND WAYS THEY COULD BE ENFORCED. USG ADDRESSED THESE CONCERNS (QUESTION 2) IN UNCLASSIFIED

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ITS RESPONSE (STATE 215364 AND 216147) TO DAF/MTC/74.33. US REP SHOULD REFER TO THESE CABLES FOR GUIDANCE DURING DISCUSSION THIS AGENDA ITEM.

B) 6TH SESSION COMMITTEE ON SHIPPING (DAF/MTC/74.34). THE 6TH SESSION WAS, FOR THE MOST PART, UNEVENTFUL. RESOLUTIONS CONCERNING DEVELOPMENT OF MERCHANT MARINES, FREIGHT RATES AND ECONOMIC COOPERATION IN SHIPPING WERE ADOPTED. THE FIRST CALLS UPON THE MEMBER PARTIES TO THE OECD UNDERSTANDING ON EXPORT CREDITS FOR SHIPS (US NOT A PARTY) TO GRANT SOFTER CREDIT TERMS; THE OTHERS BASICALLY CONCERN THE FUTURE WORK PROGRAM OF SECRETARIAT. LITTLE SUBSTANTIVE DISCUSSION IS EXPECTED, ALTHOUGH COUNTRIES PARTY TO THE UNDERSTANDING MAY EXCHANGE VIEWS ON WAYS TO RECONCILE UNDERSTANDING AND LDC DEMANDS.

C) TRADE AND DEVELOPMENT BOARD, 14TH SESSION (DAF/MTC/74.40). STRAIGHT-FORWARD REPORT THAT U.S. DELEGATION ALONG WITH OTHERS MAY NOTE.

D) WORKING GROUP ON INTERNATIONAL SHIPPING LEGISLATION, 4TH SESSION (27 JAN-7 FEB, 1975). PROVISIONAL

AGENDA AND DOCUMENTATION YET TO BE CIRCULATED. SINCE 3RD SESSION DEALT SOLELY WITH MATTERS RELATED TO THE SUBSEQUENT CODE OF CONDUCT, THERE IS LITTLE BACKGROUND RE MATTERS LIKELY TO BE DISCUSSED. DEL SHOULD RELY ON OWN EXPERTISE DURING PRELIMINARY EXCHANGE OF VIEWS ON THIS ITEM.

8. ANNUAL REPORT OF MTC (DAF/MTC/74.43). PROCEDURAL ASPECTS FOR THE PREPARATION OF THE ANNUAL REPORT ARE SATISFACTORY. RE PARA 8 ON SPECIAL CHAPTER, U.S. DEL MAY AGREE TO ONE OF ANY OF THE THREE SUGGESTIONS ON WHICH THERE IS ANY CONSENSUS. USG HAS NO ALTERNATIVE PROPOSAL.

9. FLAGS OF CONVENIENCE (DAF/MTC/74.44). MARINE INSURANCE: US DEL MAY SUGGEST THAT INSURANCE COMMITTEE COMMENT ON DRAFT DAF/MTC/74.27 BE REQUESTED PRIOR TO FINAL REPORT RATHER THAN SUBMITTING LATTER FOR COMMENT WHICH WOULD PRECLUDE FURTHER REVISIONS THAT MAY BE UNCLASSIFIED

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NECESSARY. MANNING SCALES AND PERSONNEL COSTS: SINCE SECRETARIAT HAS BEEN UNABLE TO OBTAIN ADDITIONAL INFO FROM GREECE AND ITALY RE FOC FLEET COSTS, IT WOULD APPEAR NOTHING MORE CAN BE DONE WITH RESPECT TO NORWEGIAN STUDY. U.S. AGREES WITH PARAGRAPH 4. HOWEVER, SUCH AN EXPANDED STUDY IN MTC WOULD REQUIRE THE COMPLETE COOPERATION OF ALL OECD MEMBERS PARTICULARLY IN SUPPLYING COMPLETE DATA RE SOCIAL BENEFITS WHICH ARE PROVIDED, BUT ARE NOT "NORMALLY" CONSIDERED BY SOME OECD MEMBERS AS PERSONNEL COSTS. U.S. DEL MAY SUGGEST SECRETARIAT BE DIRECTED TO SET FORTH ALTERNATIVE APPROACHES ON HOW WORK TO DATE MIGHT BE EXPANDED FOR CONSIDERATION AT NEXT MTC. INGERSOLL

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